

22 MAR 1984

MEMORANDUM FOR: Deputy Director of Personnel for Special Programs

Deputy Director of Personnel for Policy, Analysis, and Evaluations

*file
personnel
general*

STAT FROM:

Liaison Division
Office of Legislative Liaison

SUBJECT: S.958, Civil Service Amendments of 1984,
Previously Called the Merit Pay Reform Act
of 1983

REFERENCE: A) Memorandum for same addressees, dated
24 January 1984, subj: Merit Pay

B) Memorandum for same addressees, dated
29 February 1984, subj; the Civil
Service Amendments Act of 1984

1. Attached for your information and analysis are copies of the subject Act, as passed by the Senate and introduced in the House. You should know that Mr. Ford, Chairman of the House Committee on Post Office and Civil Service, has committed to move this bill this session.

2. Also attached for your use is a point paper on S.958 that is being used in the House. It addresses both the merit pay and Senior Executive provisions of the bill.

STAT

Attachments:
As stated

1266

Distribution:

Original - Addressees w/att
1 - D/PERS w/o att
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Summary of Wolf-Trible - S.958

Merit Pay

- Coverage GS-13 thru GS-15 supervisors and management officials (same as current system)
- Conversion
 - o Employee retain current salary on conversion to new system (open range).
- Comparability
 - o All Fully Successful and above receive full comparability
 - o One level below FS delayed for 6 months then, if FS or above, get full comparability increase for remainder of year.
 - o two levels below (unsatisfactory) gets no comparability
 - o can fall below minimum of pay range
- Within-Grades
 - o Employee retain current salary on conversion to new system (open range).
 - o Annualized step increase equivalents granted based on performance:
 - 1st tercile — all employees Fully Successful and above get 1 full step equivalent each year.
 - 2nd and 3rd tercile
 - Outstanding - 1 full step each year
 - Exceeds FS - 1/2 step each year
 - Fully Successful - 1/3 step each year
- Performance Awards
 - o Mandatory for Outstanding
 - o Optional for Exceeds FS
 - o Possible for FS
 - o Minimum funding of 0.75% of payroll for each agency
 - o Target of at least 1.5% of payroll to extent deemed practicable by the head of the agency
 - o Maximum of 20% award to an individual
- Cash Awards (Incentive Awards)
 - o Parallel incentive awards system with GS
 - for suggestion, invention, superior accomplishment or other personal effort
 - o Limited to \$10,000 by agency and \$25,000 with OPM approval (same as current system)
- Performance Appraisal
 - o Agency establishes P.A. system for covered employees
 - o Requires 5 rating levels
 - 2 above Fully Successful
 - Fully Successful
 - 2 below Fully Successful
 - o Establish performance standards and critical elements (deletes "objective criteria" language)
 - o Requires supervisors to "consult with" employees before establishing standards and elements
 - o Unsatisfactory employees reduced in grade or removed (reassignment deleted)

- o Ratings may be reviewed at higher level in agency
- o Mandatory reconsideration of ratings at higher level on request of employee
- o Prohibits forced distribution of ratings and specific mandatory elements and standards

Time Limit

- o System expires 5 years after effective date

Senior Executive Service

- Performance Awards
 - o Funding of 3% of aggregate SES career payroll for each agency
 - o 50% limit on number who may receive awards deleted
 - o 5% minimum individual award (current 20% maximum retained)
- Pay Cap
 - o Executive Level I ceiling on combined basic pay, rank stipends, performance awards, and physicians comparability allowances removed
- RIF
 - o Guaranteed fallback to GS-15 with saved pay if employee cannot be placed in SES vacancy in agency
 - o Referral to OPM for placement or detail, and one-year mandatory reinstatement provision, deleted
 - o Appeal right to MSPB on competitive procedures
- Performance Removal
 - o Guaranteed fallback to GS-15, but no saved pay
- Reassignment
 - o Minimum 30-day notice and statement of specific reasons for geographic reassignments (15-day notice for other reassignments)
 - o Removal for failure to accept directed reassignment or transfer of function to be processed under adverse action procedures, with appeal right to MSPB; still eligible for discontinued service
 - o Retirement if move to another geographic area
- Furlough
 - o To be made only pursuant to OPM regulations
 - o Appeal right to MSPB